APPENDIX 4D
HALF-YEAR REPORT
ECLIPX GROUP LIMITED
ACN : 131 557 901

HALF-YEAR ENDED 31 MARCH 2019

1 Details of the reporting period and the previous corresponding period

Current period	1 October 2018 - 31 March 2019
Prior corresponding period	1 October 2017 - 31 March 2018

2 Results for announcement to the market

	Half-Year Ended 31 Mar 2019	Half-Year Ended (Restated)* 31 Mar 2018	Change on Previous Period	Change on Previous Period
Financial Performance	**$'000**	**$'000**	**$'000**	**%**
Revenue from continuing operations	462,994	429,305	33,689	7.8%
(Loss)/profit for the half-year after tax	(120,346)	24,952	(145,298)	-582.3%
Net (loss)/profit attributable to members	(120,346)	24,952	(145,298)	-582.3%
Cash net profit after tax for the period[1]	13,763	35,908	(22,145)	-61.7%
Earnings per share	**Cents**	**Cents**	**Cents**	**%**
Statutory earnings per share	(37.71)	7.99	(45.70)	-572.0%
Diluted statutory earnings per share	(37.64)	7.78	(45.42)	-583.8%
Cash earnings per share	4.31	11.41	(7.10)	-62.2%
Number of ordinary shares used in calculating	**Units**	**Units**	**Units**	**%**
Statutory earnings per share[2]	319,111,693	312,199,542	6,912,151	2.2%
Diluted statutory earnings per share	319,706,501	320,562,146	(855,645)	-0.3%
Cash earnings per share[2]	319,111,693	314,805,421	4,306,272	1.4%

**The prior comparative period has been restated for the retrospective application of AASB15 and restatements relating to Right2Drive as reflected in note 1.1(e) of the financial statements.*

1. Cash net profit after tax for the period is the statutory profit after tax, adjusted for the post tax effect of material one-off items that do not reflect the ongoing operations of the Group and the amortisation of intangible assets. The table below provides a reconciliation of Profit for the half-year after tax to the Cash net profit after tax for the period under review.

	$'000	***$'000***
(Loss)/profit for the half year after tax	***(120,346)***	***24,952***
Add back post tax non-recurring costs	***128,313***	***7,376***
Transaction costs	*4,786*	*529*
Restructuring costs	*5,177*	*6,847*
Impairment of goodwill	*118,350*	*-*
Add back amortisation of intangible assets	***5,796***	***3,580***
Cash net profit after tax for the period	***13,763***	***35,908***

2. For the half year ended 31 March 2019, the number of ordinary shares used in calculating the statutory earnings per share excludes unvested loan shares. The number of ordinary shares used in calculating the cash earnings per share includes unvested loans shares.

Commentary
Refer to the 2019 Half-Year Report accompanying this report for a more detailed commentary.

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3 Dividends

Dividends	**Amount per security Cents**	**Franked amount per security Cents**
No interim dividend declared for the period ended 31 March 2019	0.00	0.00
Interim dividend for the period ended 31 March 2018, declared on 7 May 2018. The interim dividend will be paid on 2 July 2018 to shareholders registered on 4 June 2018.	8.00	8.00

4 Dividend reinvestment plans

Not applicable for half-year ended 31 March 2019

5 Net Tangible Assets Per Security

	Half-Year Ended 31 Mar 2019 cents	**Half-Year Ended (Restated)* 31 Mar 2018 cents**
Net Tangible Assets Per Ordinary Security	3.30	19.89

6 Auditor's report

The financial report has been independently reviewed and an unqualified review report has been issued. The review report contains an Emphasis of Matter relating to the disclosures made in the financial report relating to Going Concern.

7 Attachments

The Half-Year Report of Eclipx Group Limited for the half-year ended 31 March 2019 is attached.

8 Signed

Kerry Roxburgh
Chairman
Sydney

Date: 31 May 2019

**The prior comparative period has been restated for the retrospective application of AASB15 and restatements relating to Right2Drive as reflected in note 1.1(e) of the financial statements.*

Half Year Financial Report 2019

31 March 2019

Eclipx Group Limited
ACN 131 557 901

Eclipx Group Limited
ACN 131 557 901
Half-year report - 31 March 2019

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The Directors present their report on the consolidated entity (referred to hereafter as the Group or Eclipx) consisting of Eclipx Group Limited (the Company) and the entities it controlled at the end of or for the half-year ended 31 March 2019.

1. Directors

The following persons were Directors of the Company during the whole of the half-year period and up to the date of this report, unless otherwise stated:

Kerry Roxburgh	Chairman, Independent Non-Executive Director
Gail Pemberton	Independent Non-Executive Director
Trevor Allen	Independent Non-Executive Director
Russell Shields	Independent Non-Executive Director
Linda Jenkinson	Independent Non-Executive Director
Irwin ('Doc') Klotz	Chief Executive Officer and Managing Director (Resigned 12 May 2019)
Garry McLennan	Deputy Chief Executive Officer and Chief Financial Officer (Resigned 16 April 2019)

2. Review of operations

Principal activities

Eclipx is a diversified financial services business that provides complete fleet management services, corporate and consumer asset backed finance, medium term vehicle rentals and online auctioneering and associated services to the Australian and New Zealand markets. As at 31 March 2019, Eclipx managed or financed in excess of 115,000 vehicles across Australia and New Zealand.

Recently the Eclipx business has been divided into core and non-core. The core component comprises the fleet and novated businesses across Australia and New Zealand trading under the brands of FleetPartners, FleetPlus, and FleetChoice. The non-core component are businesses that are inorganic pursuits where there has been underperformance and they have created a distraction away from the core business. The non-core businesses trade in Australia and New Zealand under the brands of CarLoans.com.au, CarLoans.co.nz, Right2Drive, Onyx, Eclipx Commercial,GraysOnline.com and areyouselling.com.au.

Four of these non-core businesses Eclipx Commercial Australia, GraysOnline (Grays), Right2Drive and Onyx are being prepared for sale. The remaining non-core businesses are subject to performance review.

Group financial performance

The table below shows the key financial performance metrics for the 2019 financial half-year and restated result for March 2018:

	31 Mar 2019 $'000	31 Mar 2018 $'000	Movement 2019 $'000
Revenue	**462,994**	**429,305**	**33,689**
Net operating income after impairments on loans and receivables	132,046	155,576	(23,530)
Impairment of goodwill	118,350	-	118,350
Overheads	125,440	115,318	10,122
Statutory (loss) / profit after tax	**(120,346)**	**24,952**	**(145,298)**
Adjustments to Cash NPATA			
- Transaction costs	6,837	755	6,082
- Restructuring costs	7,385	9,782	(2,397)
- Amortisation of acquired intangibles	2,981	2,909	72
- Impairment of goodwill	118,350	-	118,350
- Tax effect	(5,119)	(4,026)	(1,093)
Cash net profit after tax including amortisation of software	10,088	34,372	(24,284)
Software amortisation	5,250	2,194	3,056
Tax effect	(1,575)	(658)	(917)
Cash NPATA	**13,763**	**35,908**	**(22,145)**

2. Review of operations (continued)

Revenue

The Group increased revenue by $33.7m, primarily as a result of increased revenue associated with the sale of end of lease fleet vehicles including those sold through GraysOnline.

Net operating income after impairments on loans and receivables

The Group recorded a decrease in net operating income after impairments on loans and receivables of $23.5m. Major contributors to this decrease were:
• GraysOnline's gross income in its industrial and insolvency sector fell by $5.5m;
• Eclipx Commercial Finance impaired loans and receivables by $5.1m largely applicable to Viewble. Finance was provided where the supplier of the service failed and this resulted in a full provision against equipment finance exposures;
• CarLoans group of businesses net operating income fell by $1.5m;
• areyouselling.com.au net operating income fell by $0.8m; and
• The Fleet businesses experienced a decrease of $3.3m in end-of-lease income, including an impairment of $1.3m and Fleet maintenance margins fell by $1.7m.

Impairment of goodwill

The Group updated the market on 20 March 2019 about the soft performance of GraysOnline Industrial and Insolvency which continued to underperform; about the impact of cash collections on the Right2Drive business; about softer earnings in end-of-lease and about the consumer market being impacted by new car sales and lower trade-ins.

These factors resulted in management testing the recoverable amount of the Group cash generating units (CGU's) adopting the value-in-use method.

As a result, the recoverable amount of both the Australia Commercial and the New Zealand Commercial CGU's were estimated to be higher than the carrying value.

The recoverable value of Australia Consumer and Grays CGU's were estimated to be lower than their carrying value and accordingly an impairment was recognised against goodwill. The Australia Consumer CGU, which incorporates the Right2Drive business, recognised an impairment of $59.2m and the Grays CGU recognised an impairment of $59.2m.

Overheads

The increase in overheads has predominantly been as a result of the merger costs with McMillan Shakesphere merger (MMS) of $6.8m and an increase in software amortisation of $3.0m associated with the go-live of systems for the second half of the 2018 calendar year.

Statutory (loss) after tax

The Group statutory profit decreased by $145.3m due to the poor performance of the non-core businesses which has resulted in the impairment of goodwill of $118.4m (referred to above), the decrease in net operating income in these non-core businesses of $14.7m; the costs associated with the MMS merger of $6.8m and the softer performance associated with the end of lease income in the fleet business of $4.6m.

Adjustment to Cash NPATA

Whilst a non-IFRS measure, cash net profit after tax (Cash NPATA) is used by management as its primary results measure. It reflects net profit after tax adjusted for the after tax effect of the amortisation of intangible assets and adjustments for costs that do not reflect the ongoing operations of the business. Consistent with prior periods the adjustments for 2019 and 2018 relate to the costs associated with transactions and significant business restructuring.

Transaction costs

Transaction costs relate to costs the Group incurred associated with the MMS merger that did not proceed. In 2018 the Group incurred costs associated with the acquisition of Grays and areyouselling.com.au

2. Review of operations (continued)

Restructuring costs

Restructuring costs recognised in 2019 relate to consolidation of businesses and right sizing the businesses where there were changes in their respective markets. The Australia Commercial segment recognised $4.6m in restructuring costs relating to the consolidation of FleetPlus and Fleetpartners, and redundancies in Eclipx Commercial Finance. Australia Consumer recognised $0.2m in restructuring costs relating to redundancies in its non-core businesses. Right2Drive recognised $0.5m associated with staff redundancies. Grays recognised $1.7m in costs relating to staff redundancies and lease exit costs. New Zealand Commercial recognised $0.4m in costs associated with the exit of lease premises.

Restructuring costs recognised in 2018 related to Grays and Right2Drive. Grays recognised costs of $6.7m associated with terminating vendor contracts, centralising operations and integrating Grays into the Eclipx Group. Right2Drive recognised restructuring costs of $3.1m associated with staff redundancies and costs incurred to exit computer software contracts as the business implemented a new car rental system.

Amortisation of software

Amortisation of software increased with the go-live of key systems the Group had been developing. The key systems include the new fleet leasing system in New Zealand; Oracle EBS implementation; new car rental system in R2D, improved business intelligence reporting and customer reporting systems.

Cash NPATA

Cash NPATA decreased by $22.1m mainly due to the impairment recognised for the Viewble exposure of $3.6m post tax; the $5.8m after tax decrease in Grays cash NPATA contr bution; the $6.9m decrease in Right2Drive Cash NPATA contribution; the $3.2m decrease in end of lease contr butions from Fleet in Australia and New Zealand and a $1.2m decrease in fleet maintenance margins.

Segment performance

Australia Commercial

Net operating income before operating expenses and impairment charges - $57.5m (2018: $61.2m)
Cash NPATA - $12.9m (2018: $19.8m)

Net operating income before operating expenses and impairment charges is lower than the prior comparative period (pcp) largely as a result of the decrease in end of lease profits and an increase in fleet impairment.

The Cash NPATA is below the pcp largely due to the impairment recognised for Viewble, lower end of lease income and fleet impairment.

The consolidation of the Fleet business has commenced and this will result in reduced operating costs. The business is focussed on improving pricing which has resulted in a reduction in writing low margin deals. The Fleet business is being reprioritised as an area of focus with simplification in the business and a resizing of group costs to support this business going forward.

The Eclipx Commercial Finance business is classified as non-core and is being prepared for sale.

Australia Consumer

Net operating income before operating expenses and impairment charges - $28.6m (2018: $35.5m)
Cash NPATA - ($2.5m) (2018: $6.0m)

Net operating income before operating expenses and impairment charges is below pcp predominantly due to the negative performance in CarLoans.com.au ($1.5m), areyouselling.com.au ($0.8m) and Right2Drive. These businesses have been identified as non-core and they are under review.

The Cash NPATA is below pcp largely due to the negative Cash NPATA performance of Right2Drive ($6.9m) and areyouselling.com.au ($1.6m), partially offset by improved performance in the novated business.

The consolidation of the novated business which has been identified as core has commenced. CarLoans and areyouselling.com.au are under review as non-core businesses.

Right2Drive is classified as non-core and is being prepared for sale.

2. Review of operations (continued)

Grays

Net operating income before operating expenses and impairment charges - $33.7m (2018: $39.2m)
Cash NPATA - $0.2m (2018: $5.9m)

Grays experienced a decrease in trading performance in the industrial and insolvency sector, partially offset by an improvement in the auto segment of the business. The area of focus for Grays is to right size the cost base to reflect current revenue expectations in the industrial and insolvency sectors and to accelerate the growth in auto utilising fleet and other existing channels.

Grays is classified as non-core and is being prepared for sale.

New Zealand Commercial

Net operating income before operating expenses and impairment charges - $19.9m (2018: $20.8m)
Cash NPATA - $3.1m (2018: $4.2m)

Net operating income before operating expenses and impairment charges is below the pcp largely as a result of a decrease in end of lease profits and an increase in fleet impairment.

Cash NPATA has been impacted by increased operating costs.

Cashflow

Eclipx increased cash and cash equivalents by $31.9m, an increase of $33.6m compared to pcp.

A focus on higher margin leases resulted in a decrease in asset purchases to support new operating and finance leases compared to pcp. The Group decreased investment in property, plant and equipment and software, improving cash flow by $6.8m. No cash outflow was required to acquire businesses, which improved cash flow by $7.3m compared to pcp.

Cash flows from financing activities decreased as the cash flow from investing activities decreased and cash flow from operations increased. After payment of dividends the Group generated cash flows of $31.9m.

Borrowings and funding

Borrowings include an amount of $350.2m (2018 Sep: $340.2m) drawn against the corporate debt facility. After deducting cash on hand and other liquid assets, net corporate debt at 31 March 2019 was $256.1m (2018: $278.2m). The remaining borrowings of $1,497.9m (2018 Sep: $1,474.1m) relates to funding directly associated with leases and inventory.

Eclipx aims to optimise its funding facilities with committed funding facilities to cater for expected business growth. At 31 March 2019, Eclipx had undrawn debt facilities of $240m.

For leasing finance facilities where Eclipx acts as the funder, funding is provided by a combination of warehouse and asset backed securitisation funding structures. Funders (major trading banks and institutional investors) provide financing to a special purpose vehicle established by Eclipx which is used to fund the purchase of assets leased to customers. These facilities are also known as revolving warehouse facilities because they can be drawn and repaid on an ongoing basis up to an agreed limit subject to conditions. A group of assets funded via a warehouse facility can be pooled together and refinanced by issuing securities (backed by those assets) to investors in public wholesale capital markets (such as domestic and international banks and institutional funds).

2. Review of operations (continued)

Outlook

Eclipx is implementing a business transformation strategy of simplification to:

• Concentrate on the stable core fleet and novated business with its reliable risk adjusted returns profile;
• Streamline the core business and right-sizing the cost base, to improve profit contribution;
• Dispose of non-core assets;
• Utilise net cash proceeds from the disposal of non-core assets to pay down Eclipx's corporate debt;
• Conserve capital by not declaring a dividend, retaining cash to pay down debt ahead of the half year covenant testing period to 30 September 2019; and
• Replace its corporate funding facilities.

3. Dividends

Dividends paid during the financial half-year were as follows:

	31 March 2019 $'000	31 March 2018 $'000
Fully franked final dividend for the year ended 30 September 2018 of 8.00 cents per ordinary share paid on 25 January 2019	25,571	-
Fully franked final dividend for the year ended 30 September 2017 of 7.75 cents per ordinary share paid on 19 January 2018	-	24,335
	25,571	**24,335**

Directors have not declared an interim dividend for the year ended 30 September 2019.

4. Going concern

These half-year financial statements have been prepared on the basis that Eclipx is a going concern.

During the half-year ended 31 March 2019, a goodwill impairment charge of $118.4m, associated with the Grays and Right2Drive businesses, resulted in a loss after income tax of $120.3m. This loss was also impacted by:
• a significant decline in revenue associated with the Grays, Right2Drive and Consumer businesses;
• one-off costs associated with the aborted merger with MMS; and
• restructuring costs.

The one-off and restructuring costs are not classified as part of the ongoing operations of the Eclipx business.

In this period, Eclipx:
• generated a net operating and investing cashflow of $43.7m;
• improved its cash and cash equivalents by $31.9m;
• paid the final dividend of $25.5m;
• increased corporate debt borrowings (bank loans) by $10m; and
• increased its net cash inflow from operations by 7.9% to $197.8m

Following a strategic review of the business, the Directors have embarked on a transformation strategy of simplification. This involves the following:
• Concentrate on the stable core fleet and novated business with its reliable risk adjusted returns profile;
• Streamline the core business and right-sizing the cost base, to improve profit contribution;
• Dispose of non-core assets;
• Utilise net cash proceeds from the disposal of non-core assets to pay down Eclipx's corporate debt;
• Conserve capital by not declaring a dividend, retaining cash to pay down debt ahead of the half year covenant testing period to 30 September 2019; and
• Replace its corporate funding facilities

The execution of the above strategy does have some risk and there is uncertainty regarding timing.

4. Going concern (continued)

Subsequent to 31 March 2019, Eclipx has received waivers from its funders on its financial covenants for the 31 March 2019 and 30 September 2019 test periods. These waivers relate to the quantum of one-off and restructuring costs referred to above. With these approvals, Eclipx remains compliant with its funding covenants at the most recent test date of 31 March 2019. As the waivers were received post 31 March 2019, its corporate banking facilities have been reclassified as current liabilities as at that date. Prior to finalisation of this report the waivers have been received and therefore at the date of this report, the corporate debt facilities have been reclassified as non-current with a weighted maturity of 3.3 years.

Eclipx has engaged external advisors to review its bank loans facility size, term, hedging and covenants so as to match funding to its business requirements going forward.

The Directors are currently of the opinion that Eclipx will be able to complete the planned actions and continue to meet its obligations under the terms of the corporate debt borrowings. Accordingly, the half-year financial statements are prepared on a going concern basis. As a consequence, no changes have been made to the financial report relating to the recoverability and classification of the assets, carrying amounts and the classification of liabilities that might be necessary should Eclipx not continue as a going concern.

5. Subsequent events

On 3 April 2019, Eclipx Group Limited and McMillan Shakespeare Limited (ASX: MMS) agreed to terminate the Scheme Implementation Agreement dated 8 November 2018 (SIA) with immediate effect and to release one another from any claims relating to the SIA and the proposed scheme.

ECX and MMS further agreed that ECX would reimburse MMS for costs that MMS had incurred to date in connection with the SIA and the proposed scheme, in the amount of $8 million. This payment to MMS has been funded from operating cashflow subsequent to 31 March 2019.

The impact of this transaction will be recognised in the financial results for the second half of the year ending 30 September 2019.

On 13 May 2019 Julian Russell was appointed Chief Executive Officer, who replaces Doc Klotz who stepped down as CEO and Director. Julian has been a long term and highly valued adviser to the Group and he has a deep understanding of the Group's businesses, its operations and of many key members of the executive team. Bevan Guest was promoted to the newly created position of Chief Commercial Officer. Bevan's promotion places our fleet and novated leasing business and its customers front and centre in its strategic focus.

No other matters or circumstances other than those referred to in the financial statements or notes to the financial statements thereto, have arisen since the end of the financial half-year, that have significantly affected, or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the group in subsequent financial years.

6. Lead auditor's independence declaration

A copy of the lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 10 and forms part of the Directors' Report for the half-year ended 31 March 2019.

7. Rounding of amounts

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the “rounding off” of amounts in the Directors' Report and the Financial Report. Amounts, unless otherwise stated, have been rounded off to the nearest whole number of thousands of dollars.

This Directors' Report is signed on behalf of the Directors in accordance with the resolution of Directors made pursuant to section 298(2) of the *Corporations Act 2001*.

Kerry Roxburgh
Chairman

Sydney
31 May 2019

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Eclipx Group Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Eclipx Group Limited for the half-year ended 31 March 2019 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Dean Waters
Partner

Sydney
31 May 2019

Eclipx Group Limited
Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 March 2019

	Notes	Consolidated 31 Mar 2019 $'000	Consolidated 31 Mar 2018* $'000
Revenue from continuing operations	2.2	**462,994**	429,305
Cost of revenue	2.2	**(282,703)**	(238,261)
Lease finance costs	2.3	**(40,660)**	(34,380)
Net operating income before operating expenses and impairment charges		**139,631**	156,664
Impairment losses on loans and receivables		**(7,585)**	(1,088)
Impairment losses on Goodwill	3.2	**(118,350)**	-
		(125,935)	(1,088)
Employee benefit expense		**(63,019)**	(63,160)
Depreciation and amortisation	2.3	**(10,433)**	(7,027)
Operating overheads	2.3	**(51,988)**	(45,131)
Total overheads		**(125,440)**	(115,318)
Operating finance costs	2.3	**(9,551)**	(6,736)
(Loss)/profit before income tax		**(121,295)**	33,522
Income tax expense		**949**	(8,570)
(Loss)/profit for the half-year		**(120,346)**	24,952
Other comprehensive income/(expense)			
Items that may be reclassified to profit or loss			
Changes in the fair value of cash flow hedges		**(8,998)**	(300)
Exchange differences on translation of foreign operations		**9,892**	3,478
Other comprehensive income for the half-year, net of tax		**894**	3,178
Total comprehensive (loss)/income for the half-year		**(119,452)**	28,130
(Loss)/profit attributable to:			
Owners of Eclipx Group Limited		**(120,346)**	24,952
Total comprehensive (loss)/income for the half-year attr butable to:			
Owners of Eclipx Group Limited		**(119,452)**	28,130
		Cents	**Cents**
Earnings per share			
Basic earnings per share	2.4	**(37.71)**	7.99
Diluted earnings per share	2.4	**(37.64)**	7.78

**Restated to reflect the adoption of AASB 15 and a prior period restatement. Comparatives have not been restated for the adoption of AASB 9 as permitted under the standard. Refer to Note 1.3 for the impact to the Group on the initial adoption of AASB 9 and AASB 15.*

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Eclipx Group Limited
Statement of Financial Position
As at 31 March 2019

	Notes	Consolidated 31 Mar 2019 $'000	Consolidated 30 Sep 2018* $'000
ASSETS			
Cash and cash equivalents		**94,063**	62,078
Restricted cash and cash equivalents		**148,443**	146,180
Trade receivables and other assets		**171,046**	188,180
Inventory		**31,606**	38,565
Finance leases		**529,237**	541,438
Operating leases reported as property, plant and equipment	3.1	**1,035,366**	1,052,114
Deferred tax assets		**2,756**	2,771
Property, plant and equipment	3.1	**15,366**	13,845
Intang bles	3.2	**715,299**	829,631
Total assets		**2,743,182**	2,874,802
LIABILITIES			
Trade and other liabilities		**125,459**	138,934
Provisions		**13,527**	13,713
Derivative financial instruments	4.2	**23,161**	9,037
Other		**4,352**	3,538
Borrowings	4.1	**1,848,110**	1,814,320
Deferred tax liabilities		**16,696**	27,161
Total liabilities		**2,031,305**	2,006,703
Net assets		**711,877**	868,099
EQUITY			
Contributed equity		**654,765**	654,765
Reserves		**19,252**	17,046
Retained earnings		**37,860**	196,288
Total equity		**711,877**	868,099

**Restated to reflect the adoption of AASB 15 and a prior period restatement. The Group has not restated comparatives for the adoption of AASB 9 as permitted under the standard. Refer to Note 1.3 for the impact to the Group on the initial adoption of AASB 9 and AASB 15.*

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Eclipx Group Limited
Statement of Changes in Equity
For the half-year ended 31 March 2019

Consolidated	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
	Attributable to owners of Eclipx Group Limited			
Balance at 30 September 2017, as previously reported	635,246	12,357	215,660	**863,263**
Adjustment on initial application of AASB 15 (net of tax)**	-	-	(24,488)	**(24,488)**
Re-stated balance as at 30 September 2017	635,246	12,357	191,172	**838,775**
Re-stated profit for the half-year**	-	-	24,952	**24,952**
Cash flow hedges	-	(300)	-	**(300)**
Foreign currency translation	-	3,478	-	**3,478**
Re-stated total comprehensive income for the half-year	-	3,178	24,952	**28,130**
Issue of rights for acquisition of CarBuyers	-	1,581	-	**1,581**
Transactions with owners in their capacity as owners:				
Employee share schemes	-	3,171	-	**3,171**
Movement in treasury reserve	-	2,490	-	**2,490**
Issue of shares under the Dividend Reinvestment Plan*	8,121	-	-	**8,121**
Dividends paid	-	-	(24,335)	**(24,335)**
Re-stated balance at 31 March 2018	**643,367**	**22,777**	**191,789**	**857,933**
Re-stated balance at 30 September 2018**	654,765	17,046	196,288	**868,099**
Adjustment on initial application of AASB 9***	-	-	(12,511)	**(12,511)**
Re-stated balance as at 1 October 2018	654,765	17,046	183,777	**855,588**
Loss for the half-year	-	-	(120,346)	**(120,346)**
Cash flow hedges	-	(8,998)	-	**(8,998)**
Foreign currency translation	-	9,892	-	**9,892**
Total comprehensive income for the half-year	-	894	(120,346)	**(119,452)**
Transactions with owners in their capacity as owners:				
Employee share schemes	-	620	-	**620**
Movement in treasury reserve	-	692	-	**692**
Dividends paid	-	-	(25,571)	**(25,571)**
Balance at 31 March 2019	**654,765**	**19,252**	**37,860**	**711,877**

** The issuance of shares under the Dividend Reinvestment Plan included the issuing of 2,080,270 ordinary shares on 19 January 2018.*

*** The Group applied AASB15 under a full retrospective method and the Group has restated prior period for the items reflected under note 1.1 (e).*

**** The Group applied AASB 9 retrospectively with the cumulative effect recognised as an adjustment to the opening statement of financial position as at 1 October 2018.*

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Eclipx Group Limited
Statement of Cash Flows
For the half-year ended 31 March 2019

	Consolidated	
	31 Mar 2019 $'000	**31 Mar 2018 $'000**
Cash flows from operations		
Receipts from customers	**587,595**	518,340
Payments to suppliers and employees	**(344,744)**	(291,281)
	242,851	227,059
Income tax paid	**(11,753)**	(12,112)
Interest received	**1,571**	1,243
Interest paid	**(34,880)**	(32,865)
Net cash inflow from operating activities	**197,789**	183,325
Cash flows from investing activities		
Purchase of items reported under operating leases	**(156,496)**	(211,093)
Purchase of items reported under finance leases	**(94,496)**	(114,209)
Purchase of property, plant and equipment and intangibles	**(9,525)**	(16,309)
Payment for acquisitions (net of cash acquired)	**-**	(6,838)
Payment of deferred and contingent consideration	**-**	(489)
Proceeds from sales of items reported under operating leases	**106,437**	85,443
Net cash outflow from investing activities	**(154,080)**	(263,495)
Cash flows from financing activities		
Proceeds from borrowings	**275,692**	496,813
Repayments of borrowings	**(263,554)**	(405,427)
Dividends paid	**(25,571)**	(16,214)
Proceeds from settlement of long term incentive plans	**810**	2,490
Net cash (outflows)/inflow from financing activities	**(12,623)**	77,662
Net increse/(decrease) in cash and cash equivalents	**31,086**	(2,508)
Cash and cash equivalents at the beginning of the financial half-year, net of overdraft	**208,258**	195,235
Exchange rate variations on New Zealand cash and cash equivalent balances	**3,162**	1,183
Cash and cash equivalents at end of the half-year, net of overdraft	**242,506**	193,910

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

1.0 Introduction to the report

1.1 Statement of compliance and basis of preparation

(a) Basis of preparation

These consolidated half-year financial statements represent the consolidated results of Eclipx Group Limited (ACN 131 557 901) (referred to hereafter as the Group or Eclipx). The financial statements are general purpose financial statements prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001, and with IAS 34 Interim Financial Reporting.

The financial statements do not include all of the information required for a complete set of annual financial statements and should be read in conjunction with the 2018 Annual Report. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 September 2018.

The financial statements are presented in Australian Dollars, which is Eclipx's presentation currency. The accounting policies and methods applied in the half-year report are consistent with those adopted and disclosed in the 2018 Annual Report, except for the adoption of new Accounting Standards (refer to Note 1.3).

The financial statements were authorised for issue by the Directors on 31 May 2019.

(b) Going concern

These half-year financial statements have been prepared on the basis that Eclipx is a going concern.

During the half-year ended 31 March 2019, a goodwill non-cash impairment charge of $118.4m, associated with the Grays and Right2Drive businesses, led to a loss after income tax of $120.3m. This loss was also impacted by:
• a significant decline in revenue associated with the Grays, Right2Drive and Consumer businesses;
• one-off costs associated with the aborted merger with MMS; and
• restructuring costs.

The one-off and restructuring costs do not reflect the ongoing operations of the Eclipx business.

For the period ended 31 March 2019, Eclipx:
• Generated net operating and investing cashflow of $43.7m;
• Improved cash and cash equivalents by $31.9m;
• Paid dividends of $25.5m;
• Increased corporate debt borrowings (bank loans) by $10m; and
• increased its net cash inflow from operation by 7.9% to $197.8m

Following a strategic review of the business, the Directors have embarked on a transformation strategy of simplification. This involves the following:
• Concentrate on the stable core fleet and novated business with its reliable risk adjusted returns profile;
• Streamline the core business and right-sizing the cost base, to improve profit contribution;
• Dispose of non-core assets;
• Utilise net cash proceeds from the disposal of non-core assets to pay down Eclipx's corporate debt;
• Conserve capital by not declaring a dividend, retaining cash to pay down debt ahead of the half year covenant testing period to 30 September 2019; and
• Replace its corporate funding facilities.

The execution of the above strategy does have some risk and there is uncertainty regarding timing.

Subsequent to 31 March 2019, Eclipx has received waivers from its funders on its financial covenants for the 31 March 2019 and 30 September 2019 test periods. These waivers relate to the quantum of one-off and restructuring costs referred to above. With these approvals, Eclipx remains compliant with its funding covenants at the most recent test date of 31 March 2019. As the waivers were received post 31 March 2019, its corporate banking facilities have been reclassified as current liabilities as at that date. Prior to finalisation of this report the waivers have been received and therefore at the date of this report, the corporate debt facilities have been reclassified as non-current with a weighted maturity of 3.3 years.

1.1 Statement of compliance and basis of preparation (continued)

(b) Going concern (continued)

Eclipx has engaged external advisors to review its bank loans facility size, term, hedging and covenants so as to match funding to its business requirements going forward.

The Directors are currently of the opinion that Eclipx will be able to complete the planned actions and continue to meet its obligations under the terms of the corporate debt borrowings. Accordingly, the half-year financial statements are prepared on a going concern basis. As a consequence, no changes have been made to the financial report relating to the recoverability and classification of the assets, carrying amounts and the classification of liabilities that might be necessary should Eclipx not continue as a going concern.

(c) Significant accounting estimates and judgements

In preparing the half-year financial statements, management has made judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Significant judgements made by management in applying the Group's accounting policies and the key sources of estimate uncertainty were the same as those that applied to the Annual Report 2018. Additional judgements impacting half-year financial statements are disclosed in Note 1.1 (b), Note 1.1 (d) and Note 1.3. Estimates and assumptions are disclosed in Note 3.2.

(d) Asset held for sale

The assets and liabilities of non-core business have not been classified as held for sale as at 31 March 2019, as the Group has not received any binding offers and an active program to execute the sale was not in existence at reporting date. Accordingly, the proposed sale is not considered to be highly probable of occurring as at 31 March 2019.

Subsequent to 31 March 2019, management has committed to a plan to sell these businesses. As a result, the classification of these non-core business group will be reassessed at 30 September 2019. These disposal groups will impact Commercial, Consumer and Grays segment.

(e) Prior period restatement

The Group identified overstatements relating to the revenue recognised in Right2Drive in prior periods. Right2Drive uses judgments to determine the amount of revenue to recognise. The judgments did not reflect the discounts and credit history in this business. Additionally, Right2Drive identified a processing error where credit hire receivables were not written-off when they were deemed to no longer be collectible, and a doubtful debt provision had not been recognised against the full amount outstanding. Note 1.3 provides details of the restatements made to prior periods.

1.2 New, revised or amended Accounting Standards not yet adopted by the Group

AASB 16 - Leases

The Group will be adopting the new accounting standard AASB 16 Leases for the financial year commencing 1 October 2019. AASB 16 Leases replaces the current AASB 117 Leases standard and sets out a comprehensive model for identifying lease arrangements and the subsequent measurement. A contract contains a lease if it conveys the right to control the use of an identified asset for a period of time. The majority of leases from the lessee perspective within the scope of AASB 16 will require the recognition of a ‘right-of-use’ asset and a related lease liability, being the present value of future lease payments. This will result in an increase in the recognised assets and liabilities in the statement of financial position as well as a change in expense recognition, with interest and depreciation replacing operating lease expense. Accounting for leases from the Group's perspective as lessor remains unchanged under AASB 16. The adoption of AASB 16 will result in the Group recognising assets and liabilities for its operating leases over premises and equipment as well as recognition of interest and depreciation replacing operating lease expense.

1.3 New Australian Accounting Standards and amendment standards that are effective in the current period

AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces the accounting standard AASB 139 Financial Instrument: Recognition and Measurement. AASB 9 introduces changes to financial assets and liabilities and covers classification, measurement, impairment and hedge accounting. The Group has applied AASB 9 in the financial year beginning 1 October 2018 and is applied retrospectively, with no requirement to restate comparatives, in accordance with the transitional provisions. The cumulative effect of initial application of AASB 9 has been recognised as an adjustment to the opening statement of financial position as at 1 October 2018.

Classification and measurement

Financial assets

AASB 9 has three classification categories for financial assets; amortised cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL). The classification is based on the business model under which the financial instrument is managed and its contractual cash flows.

The Group has applied the following policies for the newly adopted classification categories under AASB 9:

Amortised cost - A financial asset will be measured at amortised cost if both of the following conditions are met:
• the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

FVTOCI - A financial asset will be measured at FVTOCI if both of the following conditions are met:
• the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

FVTPL - All financial assets that are not measured at amortised cost or FVTOCI will be measured at FVTPL. All financial assets that are equity instruments will be measured at FVTPL unless the Group irrevocably elects to present subsequent changes in the fair value in other comprehensive income. The Group has not made this election.

1.3 New Australian Accounting Standards and amendment standards that are effective in the current period (continued)

Impairment
AASB 9 has replaced the incurred loss model of AASB 139 with an expected loss model, resulting in an acceleration of impairment loss recognition. The impairment requirements apply to the Group's net investment in finance lease receivables, trade and other receivables and the Group will recognise impairments using the simplified approach and record lifetime expected credit losses, as allowed under AASB 9 for lease receivables and trade and other receivables.

Measurement
To measure the expected credit loss (ECL) the Group applies probability of default (PD) x exposure at default (EAD) x loss given default (LGD). The Group has applied the simplified approach, measuring ECL equal to the discounted lifetime expected credit losses.

Macroeconomic scenarios
The assessment of credit risk, and the estimation of ECL, will be unbiased and probability weighted, and will incorporate all relevant available information relevant to the assessment, including information about past events, current conditions and reasonable and supportable information about future events and economic conditions at the reporting date. The Group has established a process whereby forward-looking macroeconomic scenarios and probability weightings are developed for ECL calculation purposes. The final probability-weighted ECL will be calculated from a baseline, an upside scenario and a downside scenario.

Hedging
The Group will continue to apply the principles of AASB 139 for hedge accounting. The revised hedge accounting disclosures required by AASB 7 Financial Instruments: Disclosures will be implemented for the year ending 30 September 2019.

Credit risk
Collectability of trade receivables is reviewed on an ongoing basis. A loss allowance account (provision for impairment of trade receivables) is recognised when there is a difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows the Group expects to receive (ie all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). Previously, a provision for impairment of trade receivables was recognised when there was objective evidence that the Group would not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor would enter bankruptcy or financial reorganisation, and default or delinquency in payments were considered indicators that the trade receivable is impaired. For amounts due under leases, delinquency would be for amounts more than 30 days overdue. Credit hire contract assets due have different indicators for impairment due to the nature of the product.

AASB 9 affects the following assets that have been grouped based on shared credit risk characteristics and the days past due:
- Net investment in finance lease receivables
- Trade and other receivables
- Credit hire contract assets

For the above asset classes, the Group has applied the AASB 9 simplified approach to measuring expected credit losses, resulting in the recognition of a lifetime expected loss allowance. AASB 9 requires the Group to consider forward-looking information in measuring credit losses, as well as different macroeconomic scenarios. As a result, the impairment provisions recognised reflect expected credit losses as a result of poss ble default events that could occur over the expected life of the financial instruments.

1.3 New Australian Accounting Standards and amendment standards that are effective in the current period (continued)

Definition of default
Based on the disaggregation above, the Group has defined default as:
● For all assets excluding contract receivables: AASB 9 contains a rebuttable presumption that default occurs no later than when a payment is 90 days past due. In line with the Group's credit policy, default is deemed to occur between 150 days to 180 days past due when considering the asset show recoveries prior to this point depending on the underlying receivable.
● For credit hire assets: the Group determines default to have occurred based on management judgement as informed by exhibited recovery behaviours, overall portfolio performance, and counterparty type.

A breach of contract as a result of non-payment (ie. default) would result in an asset being credit-impaired.

Write-off
Balances are written off, either partially or in full, against the related allowance when there is no reasonable expectation of recovery. For all balances, write-off takes place only at the completion of collection procedures, or where it no longer becomes economical to continue attempts to recover. Subsequent recoveries of amounts previously written off decrease the amount of impairment losses recorded in the income statement.

Model inputs
For all assets
The key model inputs used in measuring the ECL include:
● Probability of Default (PD): PD rates are based on the payment profiles for this asset class using corresponding historical delinquency rates.
● Loss Given Default (LGD): LGD rates are based on net charge-offs historically experienced.
● Exposure at Default (EAD): EAD is based on the estimated exposure in the event of default, considering the expected amortisation over the behavioural life of the facility.

The resulting impairment provision is calculated as PD X EAD X LGD, overlayed to reflect current and forward-looking information and macroeconomic factors affecting the ability of the customers to settle receivables.

Credit hire contract assets
Expected credit losses for credit hire contract assets have been derived using a provision matrix, with groupings of balances based on shared credit risk characteristics and the days past due. The Group has calculated expected loss rates based on payment profiles of balances and the corresponding historical credit losses.

Forward-looking macroeconomic information
Where it is material, forward-looking macroeconomic information has been considered by the Group to ensure that resulting impairment provisions accurately reflect expected credit losses. In doing so, the Group has identified a number of key indicators, the most significant of which are GDP, unemployment, interest rates, and inflation. These indicators are derived based on accurate and reliable data sources that are reviewed annually.

The Group has identified three possible scenarios based on this macroeconomic information, being:

Scenario	Expectation	Weighting
Base Case	This scenario is reflective of the economy as-is with minor volatility.	60%
Upside	This scenario is reflective of a scenario that is benign as compared to the baseline scenario	20%
Downside	This scenario is reflective of an adverse economic period as compared to the baseline scenario	20%

This macroeconomic information is used to calculate and apply an overlay to calculated impairment provisions.

1.3 New Australian Accounting Standards and amendment standards that are effective in the current period (continued)

Impairment provisions
The Group's total impairment provisions from 1 October 2018 to 31 March 2019 is set out below, reconciling the opening loss allowance to the closing loss allowance. No significant changes to estimation techniques or assumptions were made during the reporting period.

	Net investment in finance lease receivables $'000	Trade and other receivables $'000	Credit hire receivables $'000
Closing loss allowance as at 30 September 2018 – calculated under AASB 139	**1,544**	**3,049**	**-**
Amounts restated through opening retained earnings	9,941	4,247	3,683
Opening loss allowance as at 1 October 2018 calculated under AASB 9	**11,485**	**7,296**	**3,683**
Increase in loan loss allowance recognised in profit or loss during the year	5,624	1,241	1,376
Write-offs	(581)	(2,178)	-
Closing loss allowance as at 31 March 2019 – calculated under AASB 9	**16,528**	**6,359**	**5,059**

	As at 31 March 2019			As at 1 October 2018		
	Gross carrying amount $'000	ECL allowance $'000	Carrying amount net of provision $'000	Gross carrying amount $'000	ECL allowance $'000	Carrying amount net of provision $'000
Net investment in finance lease receivables	545,765	(16,528)	529,237	542,982	(11,485)	531,497
Trade and other receivables	59,952	(6,359)	53,593	81,048	(7,296)	73,752
Credit hire receivables	67,827	(5,059)	62,768	64,021	(3,683)	60,338
Total	**673,544**	**(27,946)**	**645,598**	**688,051**	**(22,464)**	**665,587**

Note that the above periods reflect the Group's position since adoption of AASB 9. In accordance with the transition provisions, there is no requirement to restate comparatives. Therefore, the above amounts as at 1 October 2018 will not reconcile to the amounts disclosed in the Statement of Financial Position's comparative provisions.

1.3 New Australian Accounting Standards and amendment standards that are effective in the current period (continued)

AASB 15 Revenue from Contracts with Customers
As previously disclosed in the FY2018 Annual Report, the Group has adopted AASB 15 Revenue from Contracts with Customers from 1 October 2018. AASB 15 replaced the previous revenue recognition criteria applied under AASB 118.

AASB 15 establishes a single comprehensive model which is based on the principle that revenue is recognised when control of a good or service transfers to a customer. AASB 15 provides significantly more guidance particularly with respect to the identification of performance obligations, determination of the transaction price, and allocation of value within multiple element arrangements. AASB 15 applies to contracts with customers except for revenue arising from items such as financial instruments and leases. A material component of the Group's revenue arises from financial instruments (refer to the finance income revenue recognition policy for further information).

In accordance with the transition provisions of AASB 15, the Group has adopted the new standard using the full retrospective method of adoption and has restated comparatives for the 2018 financial year.

The Group's policies for the identification of performance obligations, determination of the transaction price and the resulting recognition of revenue were already largely aligned with the requirements of AASB 15, however after completing a detailed review of the Group's revenue streams, the major changes are shown in the adjustment tables on the following pages.

Revenue is recognised when the Group satisfies its obligations in relation to the provision of goods and services to its customers in the ordinary course of business. Revenue is measured at an amount that reflects the consideration to which the Group expects to be entitled in exchange for performing these obligations. The Group's revenue is disaggregated by the nature of the product or service. The segment information disclosed in Note 2.1 does not include revenue disclosures as this is not considered a key measure in assessing performance and in determining the allocation of resources of an individual operating segment.

The Group's revenue recognition policies are described below:

Finance income
The Group purchases vehicles to lease to customers and earns a spread, or net interest income, being the difference between the interest income it receives from customers and its cost of funds. The Group recognises net interest income over the life of the lease. Interest income from finance lease contracts is recognised using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the future asset. Payments collected from the lease are allocated between reducing the net investment in the lease and recognising interest income.

Operating lease rentals
The Group purchases vehicles to lease to customers and collects principal repayments in relation to these operating leases. The operating lease instalments (or rental income) are recognised in the financial statements in their entirety on a straight-line basis over the lease term. The instalments are classified and presented in 'Operating lease rentals' in Note 2.2.

Maintenance and management income
The Group earns maintenance and management fees from related products and services. Income related to maintenance and management services is recognised over the term of the lease contract based on the percentage of completion method. The allocation of income over the term is based on a maintenance profile supported by market data of expected service costs and intervals. The difference between the amounts received and amounts recognised as income is accounted for as deferred revenue disclosed within trade and other liabilities.

Sale of goods
The Group earns revenue from the sale of goods, which also includes ex-fleet and purchased vehicles. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, usually evidenced in the form of a delivery docket. Amounts disclosed as revenue are net of sales returns and trade discounts.

1.3 New Australian Accounting Standards and amendment standards that are effective in the current period (continued)

Auction commission
Commissions, including handling, buyers' premiums and valuation fees, are recognised once the auction or valuation has been completed, satisfying the performance obligation.

Recovery of expenses
The Group incurs expenditure relating to services provided to customers of its auction business. These expenses are recovered from the customer. The services result in the identification of a separate performance obligation and the Group recognises income following confirmation of delivery of the good or service.

Brokerage, commissions and advice services income
The Group earns fees for the origination of financing from third party banks and financial institutions. Revenue is recognised when the related service has been provided. This is deemed to be at settlement date.

The Group also earns finder fees for introducing individuals to car dealerships, which recognises revenue consistent with the treatment above.

End of lease income - vehicle sales
The Group earns income on the sale of vehicles from terminated lease contracts. The Group acts as the principal in these transactions and proceeds are recognised on a gross basis. Revenue is recognised at the point in time the vehicle is sold and there are no remaining performance obligations.

End of lease income - other
The Group earns other end of lease income for variations in contractual terms related to early termination, mileage and excessive wear and tear of the vehicle. The fees are recognised at a point in time, upon termination of the lease contract.

Rental hire income
The Group recognises rental hire income on a straight line basis over the term of the rental agreement. Amounts recognised as revenue reflect estimated discounts and credits and is only included in revenue to the extent that it is highly probable that the cumulative amount of revenue recognised at the end of the reporting period will not be subject to a significant reversal in the future.

1.3 New Australian Accounting Standards and amendment standards that are effective in the current period (continued)

The impact of adopting new accounting standards AASB 15 and the prior period restatement in the Consolidated Statement of Profit or Loss as at 31 March 2018 are summarised in the table below:

	Reference	Mar-18 Reported $'000	Adjustments for AASB 15 $'000	Prior Period* Restatements $'000	Mar-18 Restated $'000
Statement of Profit or Loss and Other Comprehensive Income					
Revenue from continuing operations					
Finance income	2	54,853	2,408	-	57,261
Maintenance and management income	4	51,331	-	-	51,331
Related products and services income	1	13,016	(344)	-	12,672
Operating lease rentals		102,544	-	-	102,544
Brokerage income	2	10,296	(3,650)	-	6,646
Sundry income		4,750	-	-	4,750
End of lease income - vehicle sales	3	9,739	75,704	-	85,443
End of lease income - other		7,807	-	-	7,807
Rental hire income	5	37,934	(3,831)	(1,188)	32,915
Auction commissions		36,137	-	-	36,137
Recovery of expenses		8,295	-	-	8,295
Sale of goods		23,504	-	-	23,504
		360,206	**70,287**	**(1,188)**	**429,305**
Cost of revenue					
Maintenance and management expense		20,183	-	-	20,183
Related products and services expense		2,713	-	-	2,713
Impairment on operating leased assets		-	-	-	-
Depreciation on operating leased assets		103,520	-	-	103,520
Rental hire expenses	5	11,610	(2,927)	-	8,683
Recoverable expenses		8,403	-	-	8,403
Cost of goods sold - vehicles	3	-	75,703	-	75,703
Cost of goods sold - other	3	19,056	-	-	19,056
		165,485	**72,776**	**-**	**238,261**
Net operating income before operating expenses and impairment charges		**160,342**	(2,490)	(1,188)	**156,664**
Income tax expense		**9,647**	(721)	(356)	**8,570**

* The prior period restatements relate to adjustments to Right2Drive regarding judgements made in respect to the amount of revenue to recognise and processing errors.

1.3 New Australian Accounting Standards and amendment standards that are effective in the current period (continued)

The impact of adopting new accounting standards AASB 9, AASB 15 and prior period restatement in the Consolidated Statement of Financial Position as summarised in the table below:

	Reference	30 Sep 18 Reported $'000	Adjustments for AASB 15 $'000	Prior period Restatements $'000	30 Sep 18 Restated $'000	Adjustments for AASB 9 $'000	1 Oct 18 Restated $'000
Statement of Financial Position							
ASSETS							
Cash and cash equivalents		62,078	-	-	**62,078**	-	62,078
Restricted cash and cash equivalents		146,180	-	-	**146,180**	-	146,180
Trade receivables and other assets	1,2,5,6	208,870	(11,177)	(9,513)*	**188,180**	(7,930)	180,250
Inventory		38,565	-	-	**38,565**	-	38,565
Finance leases	1,2,6	545,486	(4,048)	-	**541,438**	(9,941)	531,497
Operating leases reported as property, plant and equipment		1,052,114	-	-	**1,052,114**	-	1,052,114
Deferred tax assets		2,771	-	-	**2,771**	-	2,771
Property, plant and equipment		13,845	-	-	**13,845**	-	13,845
Intang bles		829,631	-	-	**829,631**	-	829,631
		2,899,540	**(15,225)**	**(9,513)**	**2,874,802**	**(17,871)**	**2,856,931**
LIABILITIES							
Trade and other liabilities	4	118,246	20,272	416	**138,934**	-	138,934
Provisions		13,713	-	-	**13,713**	-	13,713
Derivative financial instruments		9,037	-	-	**9,037**	-	9,037
Other		3,538	-	-	**3,538**	-	3,538
Borrowings		1,814,320	-	-	**1,814,320**	-	1,814,320
Deferred tax liabilities		40,670	(10,530)	(2,979)	**27,161**	(5,361)	21,800
		1,999,524	**9,742**	**(2,563)**	**2,006,703**	**(5,361)**	**2,001,342**
EQUITY							
Contributed equity		654,765	-	-	**654,765**		654,765
Reserves		17,046	-	-	**17,046**		17,046
Retained earnings	1,2,4,5,6	228,205	(24,967)	(6,950)	**196,288**	(12,511)	183,777
		900,016	**(24,967)**	**(6,950)**	**868,099**	**(12,511)**	**855,589**

* Restatement comprises of $6.4m relating to 2018 and $3.1m relating to 2017.

1.3 New Australian Accounting Standards and amendment standards that are effective in the current period (continued)

The above mentioned references are explained below:

(1) AASB 15: Loan establishment fees
Loan establishment fees disclosed within related products and services, are recognised over the life of the contract as the performance obligation is satisfied. Loan establishment fees were previously recognised upfront with the performance of a significant piece of work.

(2) AASB 15: Brokerage income
The Group receives brokerage income representing commissions received for the origination of contracts. Upon application of AASB 15, a select number of brokerage deals are required to be accounted for as finance income.

(3) AASB 15: Income from the sale of fleet vehicles
The Group recognises income from the sale of fleet vehicles at the end of the lease term. Historically, any gain or loss on disposal was recognised on a net basis. On application of AASB 15, the Group has determined it is acting as a principal in the transaction, primarily due to holding the inventory risk of the vehicles. This change has resulted in the disclosure of a separate line item, End of lease income - vehicle sales. The Group has recognised a corresponding increase in the cost of goods sold. There is no net impact to the statement of profit or loss.

(4) AASB 15: Maintenance income
Historically, the Group recognised maintenance income by applying the percentage of completion method to a portfolio of contracts. Under AASB 15, the Group is required to apply the recognition criteria against individual leases. The Group is required to maintain the vehicle in accordance with the manufacturers requirements and therefore the performance obligation is satisfied over the term of the contract. In applying the principles of AASB 15, the Group performed a review of all lease contracts and determined the revenue attributable to each individual lease using a maintenance profile supported by market data of expected service costs and intervals. In applying the principles of AASB 15, the Group was required to recognise an additional deferred revenue liability. The corresponding adjustment was to retained earnings representing the performance obligation that existed at the beginning of the comparative period. Refer to the maintenance and management revenue recognition policy for further information.

(5) AASB 15: Variable rental consideration
The Group provides motor vehicles to not-at-fault individuals and the amounts are recovered from the at fault individuals. The Group has historically accounted for any discounts or credits as a cost of revenue expense. Applying the principles of AASB 15, discounts or credits meet the definition of variable consideration. On transition, the Group has included amounts expected to be received net of any discount or credit, and only to the extent that these are highly probable that the cumulative amount of revenue recognised will not be subject to significant reversal in the future.

(6) AASB 9: Impairment provisions
The Group adopted AASB 9 on 1 October 2018, without restatement of comparative financial information, resulting in a one-off reduction to opening retained earnings post tax of $12.5m and an increase to impairment provisions as compared to that recognised under AASB 139. This includes an increase in provisions of $9.9m net investment in finance lease receivables, $4.3m in trade and other receivables and $3.6m contract receivables measured at amortised cost. These increases are as a result of impairment provisions in prior year being recognised using AASB 139’s incurred loss model. In contrast, AASB 9 introduces the expected loss model, removing the requirement for a credit event to have occurred before credit losses are recognised.

2.0 Business result for the period

2.1 Segment information

An operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses, whose operating results are reviewed regularly by the Group's Chief Operating Decision Makers (Chief Executive Officer and Deputy Chief Executive Officer) in assessing performance and in determining the allocation of resources.

There have no changes to the Group's reportable segments since last reported in the 2018 Annual Report.

In addition to statutory profit after tax, the business is assessed on a Cash Net Profit After Tax (Cash NPATA) basis. Whilst a non-IFRS measure, Cash NPATA is defined as statutory profit after tax, adjusted for the after tax effect of material one-off items that do not reflect the ongoing operations of the Group and amortisation of intangible assets. Each of these operating segments is managed separately as each of these service lines requires different resources as well as marketing approaches.

31 March 2019

	Australia Commercial $'000	Australia Consumer $'000	Grays $'000	New Zealand Commercial $'000	Total $'000
Net operating income before operating expenses and impairment charges	**57,456**	**28,578**	**33,666**	**19,930**	**139,630**
Depreciation and amortisation of non-financial assets	(605)	(607)	(533)	(457)	**(2,202)**
Bad and doubtful debts	(6,587)	(572)	(1)	(425)	**(7,585)**
Operating expenses	(27,835)	(27,595)	(31,735)	(13,618)	**(100,783)**
Profit before tax, non-recurring costs and interest	**22,429**	**(196)**	**1,397**	**5,430**	**29,060**
Holding company debt interest	(3,964)	(3,371)	(1,157)	(1,059)	**(9,551)**
Impairment of goodwill (Note 3.2)	-	(59,219)	(59,131)	-	**(118,350)**
Adjustments*	(9,598)	(4,795)	(5,034)	(3,027)	**(22,454)**
Tax	(2,622)	2,509	1,439	(377)	**949**
Statutory net profit after tax	**6,245**	**(65,072)**	**(62,486)**	**967**	**(120,346)**
Material one-off adjustments not reflecting ongoing operations (post tax)	4,566	61,356	61,466	925	**128,313**
Acquired intangible amortisation (post tax)	1,205	292	432	192	**2,121**
Cash net profit after tax including amortisation of software	**12,016**	**(3,424)**	**(588)**	**2,084**	**10,088**
Software amortisation (post tax)	929	927	757	1,062	3,675
Cash Net Profit after Tax	**12,945**	**(2,497)**	**169**	**3,146**	**13,763**

* Adjustments relate to restructuring costs, amortisation of intangibles and costs associated with the merger.

2.0 Business result for the period (continued)

2.1 Segment information (continued)

31 March 2018

	Australia Commercial $'000	Australia Consumer $'000	Grays $'000	New Zealand Commercial $'000	Total $'000
Net operating income before operating expenses and impairment charges**	**61,182**	**35,518**	**39,167**	**20,797**	**156,664**
Depreciation and amortisation of non-financial assets	(970)	(679)	(143)	(132)	**(1,924)**
Bad and doubtful debts	(320)	(506)	-	(262)	**(1,088)**
Operating expenses	(30,043)	(24,159)	(29,547)	(14,004)	**(97,753)**
Profit before tax, non-recurring costs and interest	**29,849**	**10,174**	**9,477**	**6,399**	**55,899**
Holding company debt interest	(3,075)	(2,087)	(1,013)	(561)	**(6,736)**
Adjustments*	(2,304)	(4,468)	(8,456)	(413)	**(15,641)**
Tax	(6,252)	(797)	(2)	(1,519)	**(8,570)**
Statutory net profit after tax	**18,218**	**2,822**	**6**	**3,906**	**24,952**
Material one-off adjustments not reflecting ongoing operations (post tax)	-	2,589	4,787	-	**7,376**
Acquired intangible amortisation (post tax)	1,022	317	537	168	**2,044**
Cash net profit after tax including amortisation of software	**19,240**	**5,728**	**5,330**	**4,074**	**34,372**
Software amortisation (post tax)	591	222	595	128	**1,536**
Cash Net Profit after Tax	**19,831**	**5,950**	**5,925**	**4,202**	**35,908**

* Adjustments relate to acquisition related costs and amortisation of intangibles.
** Comparatives has been restated for transition for AASB 15 and prior period restatement.

2.0 Business result for the period (continued)

2.2 Revenue

	Consolidated	
	31 Mar 2019 $'000	31 Mar 2018* $'000
From continuing operations:		
Finance income	**61,614**	57,261
Maintenance and management income **	**50,218**	51,331
Related products and services income **	**17,977**	12,672
Operating lease rentals	**99,233**	102,544
Brokerage income **	**7,805**	6,646
Sundry income **	**2,997**	4,750
End of lease income - Vehicle sales **	**106,438**	85,443
End of lease income - Other	**8,625**	7,807
Rental hire income **	**32,102**	32,915
Auction commissions **	**32,945**	36,137
Recovery of expenses **	**6,076**	8,295
Sale of goods - other **	**36,964**	23,504
Total revenue from continuing operations	**462,994**	429,305
Cost of revenue:		
Maintenance and management expense	**20,758**	20,183
Related products and services expense	**5,897**	2,713
Impairment on operating leased assets	**1,318**	-
Depreciation on operating leased assets	**100,186**	103,520
Rental hire expense	**12,898**	8,683
Recoverable expenses	**8,313**	8,403
Cost of goods sold - Vehicles	**100,809**	75,703
Cost of goods sold - Other	**32,524**	19,056
Total cost of revenue	**282,703**	238,261

** Comparatives have been restated for transition to AASB 15 and prior period restatement. Refer to Note 1.3*

*** The above amounts totalling $293,522,000 represents the Group's revenue derived from contracts with customers.*

2.3 Expenses

	Consolidated	
	31 Mar 2019 $'000	31 Mar 2018 $'000
Profit before income tax includes the following specific expenses:		
Depreciation and amortisation		
Plant and equipment - Fixture and fittings	**2,202**	1,924
Amortisation - Intangible assets	**2,981**	2,909
Software	**5,250**	2,194
Total depreciation and amortisation expense	**10,433**	7,027
Lease finance costs		
Interest and finance charges - Third parties	**37,340**	33,098
Hedge loss/(gain)	**1,300**	(415)
Facility finance costs	**2,020**	1,697
Total lease finance costs	**40,660**	34,380

2.0 Business result for the period (continued)

2.3 Expenses (continued)

	Consolidated	
	31 Mar 2019 $'000	**31 Mar 2018 $'000**
Operating finance costs		
Facility finance costs	**9,551**	6,736
Total operating finance costs	**9,551**	6,736
Operating overheads		
Rental of premises	**11,443**	9,482
Technology costs	**5,351**	4,879
Restructuring costs	**7,385**	9,782
Acquisition related costs	**-**	755
Merger related costs	**6,837**	-
Other overheads	**20,972**	20,233
Total operating overheads	**51,988**	45,131

2.4 Earnings per share

	Consolidated	
	31 Mar 2019 $'000	**31 Mar 2018* $'000**
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share and diluted earnings per share	**(120,346)**	24,952

	Consolidated	
	31 Mar 2019 Number	**31 Mar 2018 Number**
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**319,111,693**	312,199,542
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	**319,706,501**	320,562,146

	Consolidated	
	31 Mar 2019 Cents	**31 Mar 2018** Cents**
Basic earnings per share	**(37.71)**	7.99
Diluted earnings per share	**(37.64)**	7.78

** Comparatives has been restated to transition of AASB 15 and prior period restatement.*

*** Comparatives for 31 March 2018 have been restated for adoption of AASB 15 and prior period restatement. This resulted in basic EPS for 31 March 2018 to change from 8.82 cents per share to 7.99 cents per share and diluted EPS from 8.59 cents per share to 7.78 cents per share.*

3.0 Operating assets and liabilities

3.1 Property, plant and equipment

Consolidated	Plant and equipment $'000	Fixture and fittings $'000	Motor vehicles and equipment $'000	Total $'000
At 30 September 2018				
Opening net book amount	8,184	6,120	1,051,848	1,066,152
Finalised as part of business combinations	(528)	-	-	(528)
Additions	4,102	2,882	391,936	398,920
Disposals	(3,098)	-	-	(3,098)
Transfers to inventory	-	-	(185,334)	(185,334)
Impairment charge	-	-	(402)	(402)
Depreciation charge	(2,434)	(1,381)	(203,868)	(207,683)
Foreign exchange variation	1	(3)	(2,066)	(2,068)
Closing net book amount	6,227	7,618	1,052,114	1,065,959
At 30 September 2018				
Cost	19,475	14,618	1,944,831	1,978,924
Accumulated depreciation and impairment	(13,248)	(7,000)	(892,717)	(912,965)
Net book amount	6,227	7,618	1,052,114	1,065,959

Consolidated	Plant and equipment $'000	Fixture and fittings $'000	Motor vehicles and equipment $'000	Total $'000
At 31 March 2019				
Opening net book amount	6,227	7,618	1,052,114	**1,065,959**
Additions	1,390	2,298	156,496	**160,184**
Disposals	(43)	-	-	**(43)**
Transfers to inventory	-	-	(90,306)	**(90,306)**
Impairment charge	-	-	(1,318)	**(1,318)**
Depreciation charge	(1,320)	(882)	(100,186)	**(102,388)**
Foreign exchange variation	18	60	18,566	**18,644**
Closing net book amount	**6,272**	**9,094**	**1,035,366**	**1,050,732**
At 31 March 2019				
Cost	20,998	17,080	2,028,830	**2,066,908**
Accumulated depreciation and impairment	(14,726)	(7,986)	(993,464)	**(1,016,176)**
Net book amount	**6,272**	**9,094**	**1,035,366**	**1,050,732**

3.0 Operating assets and liabilities (continued)

3.1 Property, plant and equipment (continued)

	Consolidated 31 Mar 2019 $'000	Consolidated 30 Sep 2018 $'000
Motor vehicle and equipment operating leases reported as property, plant and equipment		
Operating leases terminating within 12 months	**280,356**	262,731
Operating leases terminating after more than 12 months	**755,010**	789,383
	1,035,366	1,052,114
Net book amount of property, plant and equipment		
Plant and equipment	**6,272**	6,227
Fixture and fittings	**9,094**	7,618
	15,366	13,845
Total property, plant and equipment	**1,050,732**	1,065,959

3.2 Intangibles

Consolidated	Brand names $'000	Customer relationships $'000	Software $'000	Goodwill $'000	Total $'000
At 30 September 2018					
Opening net book amount	37,009	27,121	41,477	701,002	806,609
Acquired as part of business combinations	1,018	-	-	8,237	9,255
Finalisation as part of business combination	-	-	-	(294)	(294)
Additions	-	-	25,912	-	25,912
Amortisation charge	(1,976)	(3,944)	(5,262)	-	(11,182)
Foreign exchange variation	(1)	(25)	(43)	(600)	(669)
Closing net book amount	36,050	23,152	62,084	708,345	829,631
At 30 September 2018					
Cost	39,864	37,492	80,697	708,345	866,398
Accumulated amortisation and impairment	(3,814)	(14,340)	(18,613)	-	(36,767)
Net book amount	36,050	23,152	62,084	708,345	829,631

3.0 Operating assets and liabilities (continued)

3.2 Intangibles (continued)

Consolidated	Brand Names $'000	Customer relationships $'000	Software $'000	Goodwill $'000	Total $'000
At 31 March 2019					
Opening net book amount	36,050	23,152	62,084	708,345	**829,631**
Additions	-	-	5,837	-	**5,837**
Impairment charge	-	-	-	(118,350)	**(118,350)**
Amortisation charge	(1,133)	(1,848)	(5,250)	-	**(8,231)**
Foreign exchange variation	9	177	1,050	5,176	**6,412**
Closing net book amount	**34,926**	**21,481**	**63,721**	**595,171**	**715,299**
At 31 March 2019					
Cost	39,877	37,731	87,728	713,521	**878,857**
Accumulated amortisation and impairment	(4,951)	(16,250)	(24,007)	(118,350)	**(163,558)**
Net book amount	**34,926**	**21,481**	**63,721**	**595,171**	**715,299**

Impairment of assets

Following the announcement made to the ASX on 20 March 2019 and a decline in financial performance in the first six months of FY19, management has recalculated the recoverable amount of each of the Group's CGUs as at 31 March 2019. The recoverable amount of each of the Group's CGUs were determined based on value-in-use calculations, consistent with the methods used as at 30 September 2018. These calculations require the use of assumptions.

The following table sets out the key assumptions for each of the Group's CGUs where the impairment calculations were updated as at 31 March 2019:

	31 March 2019				30 September 2018			
	Australia Commercial	Australia Consumer	Grays	New Zealand Commercial	Australia Commercial	Australia Consumer	Grays	New Zealand Commercial
Long term growth rate	2.5%	2.5%	2.5%	2.0%	2.6%	2.6%	2.6%	2.6%
Post-tax discount rate	11.0%	12.0%	14.5%	11.5%	11.0%	11.0%	11.0%	11.0%

The impairment charge recognised is non-cash in nature and has no impact on the Group's compliance with external banking covenants.

The recoverable amount of both the Australia and New Zealand Commercial CGU was estimated to be higher than the carrying amount. No impairment was therefore recognised.

In relation to the Australia Consumer and Grays CGUs, the recoverable value was calculated to be significantly below its carrying value and accordingly an impairment of $118.4 million has been recorded. The Grays CGU recognised impairment of goodwill of $59.2 million, reducing the carrying amount of the goodwill for this CGU to $53.1 million. The Australia Consumer CGU recognised impairment of goodwill of $59.2 million, reducing the carrying amount of the goodwill for this CGU to $95.7 million.

The impairment in goodwill has resulted from the integration of these businesses which has not been effective in delivering the forecasted cashflows. The sectors have also been impacted with softer market conditions which has negatively impacted earnings.

3.0 Operating assets and liabilities (continued)

3.2 Intangibles (continued)

Significant estimate: Impact of possible change in key assumptions

As a result of the impairment disclosed, the recoverable value of Australia Consumer and Grays are now in line with the current carrying value of these CGUs. Any future events that result in adverse changes to assumptions would accordingly result in additional impairment. The recoverable amount in New Zealand Commercial CGU was higher than the carrying amount, Australia Commercial CGU was significantly higher than the carrying amount and therefore no impairment was recognised in New Zealand and Australia Commercial. The following sensitivity changes to the CGUs are deemed to be reasonably possible and would increase the impairment charge or result in an impairment assuming all other assumptions is held constant:

Australian Consumer

Key Assumptions	Sensitivity	Impact of sensitivity
Discount rate	+ 100 bps	Additional impairment of $2.1 million
Terminal growth	- 100 bps	Additional impairment of $1.9 million

Grays

Key Assumptions	Sensitivity	Impact of sensitivity
Discount rate	+ 100 bps	Additional impairment of $3.0 million
Terminal growth	- 100 bps	Additional impairment of $2.5 million

New Zealand Commercial

Key Assumptions	Sensitivity	Impact of sensitivity
Discount rate	+ 100 bps	Recognition of impairment of NZD 4.5 million
Terminal growth	- 100 bps	Recognition of impairment of NZD 2.8 million

4.0 Capital management

4.1 Borrowings

	Consolidated	
	31 Mar 2019 $'000	30 Sep 2018 $'000
Bank loans	**350,200**	340,200
Notes payable	**1,507,723**	1,484,115
Borrowing costs	**(9,813)**	(9,995)
Total secured borrowings	**1,848,110**	1,814,320
Amount expected to be settled within 12 months	**714,769**	345,878
Amount expected to be settled after more than 12 months	**1,133,341**	1,468,442
Total secured borrowings	**1,848,110**	1,814,320

The secured borrowings may be drawn at any time and are subject to annual review. Subject to the continuance of satisfactory credit ratings, the borrowing facilities may be drawn at any time and have an average maturity of 12 months (2018: 19 months).

Subsequent disclosure post receipts of waivers'

	Consolidated	
	31 Mar 2019 $'000	30 Sep 2018 $'000
Amount expected to be settled within 12 months	**364,569**	345,878
Amount expected to be settled after more than 12 months	**1,483,541**	1,468,442
Total secured borrowings	**1,848,110**	1,814,320

Bank loans

Bank loans are secured by fixed and floating charge over the assets of the Company and all wholly owned subsidiaries.

As at 31 March 2019 the Group had not received approvals for waivers regarding the carve out of amounts relating to merger and restructuring costs. These approvals were received subsequent to 31 March 2019 and before finalising the report. At the date of the report Eclipx has complied with its covenants and the bank loans are subsequently reclassified as non-current with a weighted average maturity of 3.3 years.

Notes payable

Notes payable are secured by fixed and floating charge over the motor vehicles and equipment that are leased to customers. The carrying amount of assets pledged as security was $1,713,045,000 (2018: $1,743,779,000).

Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	Consolidated	
	31 Mar 2019 $'000	30 Sep 2018 $'000
Loan facilities used at reporting date	**1,857,923**	1,824,315
Loan facilities unused at reporting date	**240,154**	286,790
Total loan facilities available	**2,098,077**	2,111,105

4.0 Capital management (continued)

4.1 Borrowings (continued)

Financial covenants

With receipt of the waivers, the Group has complied with financial covenants of its borrowing facilities as at 31 March 2019. The Group has complied with financial covenants of its borrowing facilities as at 30 September 2018

Refer to note 1.1 (b) for going concern disclosure.

4.2 Derivative financial instruments

Information on the Group's financial assets and financial liabilities measured at fair value are provided below.

	Consolidated	
	31 Mar 2019 $'000	30 Sep 2018 $'000
Interest rate swaps - cash flow hedges	**23,161**	9,037
Total derivative financial instrument liabilities	**23,161**	9,037
Amount expected to be settled within 12 months	**11,970**	7,353
Amount expected to be settled after more than 12 months	**11,191**	1,684
Total derivative financial instrument liabilities	**23,161**	9,037

Fair value of financial assets and financial liabilities measured on a recurring basis

Financial liability	31 Mar 2019 $'000	30 Sep 2018 $'000	Fair value hierarchy	Valuation technique and key input
Interest rate swap contracts - cash flow hedges	**23,161**	9,037	2	The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves

Instruments used by the Group

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates in accordance with the Group's financial risk management policies.

The contracts require settlement of net interest receivable or payable every 30 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

The gain or loss from remeasuring the hedging instruments at fair value is deferred in equity in the hedging reserve, to the extent that the hedge is effective, and reclassified into profit and loss when the hedged interest expense is recognised.

4.0 Capital management (continued)

4.3 Dividends

	2018 Final
Dividend per share (in Australian cents)	8.00
Franking percentage	100%
Total dividend (in $'000)	25,571
Payment Date	25 January 2019
Dividend record date	14 December 2018

No interim dividends were declared for half year end 31 March 2019.

5.0 Other

5.1 Related party transactions

Eclipx Group Limited is party to a contract with Logbook Me Pty Limited (LogbookMe) which supplies a software product that utilises GPS tracking devices which Eclipx on sells to its customers. This product allows Eclipx fleet customers to manage their fringe benefits and fuel tax costs on their fleet as well as fulfilling key driver safety monitoring obligations under workplace health and safety legislation. LogbookMe has agreed not to distribute its product to other fleet management and vehicle finance providers for the term of the contract, subject to minimum subscriber volumes which have been achieved. The term of the contract is 10 years from 15 October 2014. The device, freight and subscription fees paid to LogbookMe amounted to $609,376 for the period to 31 March 2019 ($258,988 for the period to 31 March 2018).

The LogbookMe tool provided to Eclipx has been instrumental in securing corporate and government tenders.

Mr Doc Klotz (Chief Executive Officer to 13 May 2019) and Mr Garry McLennan (Deputy Chief Executive Officer and Chief Financial Officer) have a direct equity interest in LogbookMe in 2013, prior to becoming employed by Fleetholdings (Australia) Pty Ltd. They have not received any distributions from LogbookMe since acquiring this shareholding.

The contract with LogbookMe has been negotiated on an arms length basis with Board oversight.

Grays eCommerce Group Limited and Right2Drive Pty Ltd, subsidiaries of Eclipx are parties to a contract with WorkScore Pty Ltd (WorkScore), which provides access to their software to measure the ongoing wellbeing of people in the organisation. There is no firm commitment to this transaction; however under the terms of the agreement, either party may terminate at any time by giving written notice.

During the period, license fees and services paid to WorkScore amounted to $39,876.

Mr Jeff McLean (Chief Operating Officer) is a Co-founder and Non-executive Director of WorkScore.

5.2 Contingent liabilities

On 8 November 2018, Eclipx entered into a Scheme Implementation Agreement (SIA) with McMillan Shakespeare (MMS) whereby MMS proposed to merge with Eclipx through the acquisition of all shares in Eclipx.

The SIA recognisesd a break fee of $7,255,753 may be payable by Eclipx to MMS and a reverse break fee of $7,255,753 may be payable from MMS to Eclipx.

On 20 March 2019 MMS and ECX advised the market that the parties have not been able to reach an agreement on the terms of the Scheme Booklet. At that time, MMS indicated to ECX that it believed that it was practically impossible to complete the remaining steps necessary for the Scheme to become effective by the 30 April 2019 end date specified in the SIA. While Eclipx continued to comply with the SIA it was considered unlikely for the transaction to proceed.

Eclipx has complied with it’s requirements under the SIA and accordingly, at 31 March 2019 had no certainty of the quantum, if any, it maybe liable for or any amount it maybe able to claim from MMS.

5.0 Other (continued)

5.3 Events occurring after the reporting period

On 3 April 2019, Eclipx Group Limited and McMillan Shakespeare Limited agreed to terminate the Scheme Implementation Agreement dated 8 November 2018 with immediate effect and to release one another from any claims relating to the SIA and the proposed scheme.

ECX and MMS further agreed that ECX would reimburse MMS for costs that MMS had incurred to date in connection with the SIA and the proposed scheme, in the amount of $8 million. This payment to MMS has been funded from operating cashflow subsequent to 31 March 2019.

The impact of this transaction will be recognised in the financial results for the second half of the year ending 30 September 2019.

On 13 May 2019 Julian Russell was appointed Chief Executive Officer, who replaces Doc Klotz who stepped down as CEO and Director. Julian has been a long term and highly valued adviser to the Group and he has a deep understanding of the Group's businesses, its operations and of many key members of the executive team. Bevan Guest was promoted to the newly created position of Chief Commercial Officer. Bevan’s promotion places our fleet and novated leasing business and its customers front and centre in its strategic focus.

No other matters or circumstances other than those referred to in the financial statements or notes to the financial statements thereto, have arisen since the end of the financial half-year, that have significantly affected, or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the group in subsequent financial years.

Eclipx Group Limited
Directors' Declaration
For the half-year ended 31 March 2019

In the opinion of the Directors of Eclipx Group Limited:

(a) The interim consolidated financial statements and notes thereto for the half-year ended 31 March 2019 are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Group's financial position as at 31 March 2019 and of its performance for the half-year ended on that date; and

  (ii) complying with Australian Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*; and

(b) There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors of Eclipx Group Limited:

Kerry Roxburgh
Chairman

Sydney
31 May 2019

Independent Auditor's Review Report

To the shareholders of Eclipx Group Limited

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying ***Half-year Financial Report*** of Eclipx Group Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of Eclipx Group Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 31 March 2019 and of its performance for the ***Half-year*** ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Half-year Financial Report*** comprises:

- Consolidated statement of financial position as at 31 March 2019
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date
- Notes 1.0 to 5.3 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The ***Group*** comprises Eclipx Group Limited (the Company) and the entities it controlled at the Half-year's end or from time to time during the Half-year.

Material uncertainty related to going concern – emphasis of matter

We draw attention to Note 1.1(b), "Going concern" in the Half-year Financial Report. Note 1.1 (b) describes that the Group incurred a loss after income tax of $120.3 million for the half year ended 31 March 2019 following the recognition of an impairment charge on goodwill of $118.4 million.

The conditions disclosed in Note 1.1(b), indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the Half-year Financial Report. Our conclusion is not modified in respect of this matter.

KPMG

Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Half-year Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 March 2019 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Eclipx Group Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG	
KPMG	Dean Waters
	Partner
	Sydney
	31 May 2019

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